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**FISCAL IMPACT STATEMENT**

**LS 6666**

**BILL NUMBER:** HB 1269

**NOTE PREPARED:** Mar 12, 2012

**BILL AMENDED:** Mar 10, 2012

**SUBJECT:** Health Care Compact.

**FIRST AUTHOR:** Rep. Neese

**FIRST SPONSOR:** Sen. Miller

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill establishes the Health Care Compact. The bill requires the securing of the consent of the United States Congress. It specifies that the state legislature of each member state has the primary responsibility to regulate health care in the member state's jurisdiction. It allows member states of the compact to suspend all federal laws, regulations, and orders concerning health care that are inconsistent with the laws and regulations adopted by the member state under the compact, to the extent allowed under the Constitution of the United States and the constitution of the member state.

The bill allows the Governor to enter into the Compact on behalf of the state only after: (1) the Budget Committee reviews the compact and an implementation plan developed by the State Budget Agency (SBA); (2) the SBA prepares an implementation plan showing how Indiana will provide access to health care under the compact; and (3) the SBA presents the plan to the Health Finance Commission.

The bill specifies that Indiana's participation in the Compact does not include the administration of the federal Medicare program unless the General Assembly takes action that specifically authorizes the inclusion of Medicare in the compact.

The bill creates the Interstate Advisory Health Care Commission consisting of individuals from member states.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** The bill would only be effective with the consent of the U.S. Congress without change and upon the adoption of the Compact by at least two member states. Once congressional

consent is obtained and at least one other state has adopted the Compact, the Governor may enter into the Compact with any other state only after the review of the compact by the Budget Committee. The bill further requires the SBA to prepare a plan demonstrating how the state would provide access to health care under the Compact and present the plan to the Health Finance Commission. The level of resources required for the SBA to develop the required plan is not known at this time. The purpose of the Compact is (1) to secure the right of the member states to regulate health care in the member state's jurisdiction and to suspend the operation of any conflicting federal laws, rules, regulations, and orders within the member state; and (2) to secure federal funding for member states that choose to invoke the state's authority under the Compact.

The state would be totally responsible for federal expenditures under Medicaid, which were approximately \$5 B in the base year, FFY2010. Without the specific authorization of the General Assembly, the state could not assume responsibility for administering expenditures currently reimbursed under the Medicare program.

*Interstate Advisory Health Care Commission:* The bill establishes the Commission to consist of up to two members appointed by each member state. The Commission is required to collect information and data to assist member states in the regulation of health care. Any expenses associated with the Commission would be contingent upon approval of the Compact.

**Explanation of State Revenues:** The Compact, if approved by the Congress, would provide an estimated base funding level of \$5 B in federal Medicaid dollars to provide for health care services of the residents of the state. This is a preliminary estimate. The Compact provides a base year funding level of FFY 2010 expenditures and provides for inflationary and population adjustment factors to the ongoing funding.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** General Assembly; Governor; Family and Social Services Administration; Indiana State Department of Health.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Kathy Norris, 317-234-1360.